

Message Text

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ACTION EUR-25

INFO OCT-01 ADP-00 CIAE-00 DODE-00 PM-09 H-02 INR-10 L-03

NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-15 USIA-12 EB-11

COME-00 TRSE-00 XMB-07 OPIC-12 SCEM-02 INT-08 NEA-10

AID-20 OMB-01 RSR-01 EA-11 STR-08 /183 W

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R 301636 Z APR 73

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 0823

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION EC BRUSSELS

USMISSION NATO BRUSSELS

USMISSION OECD PARIS

UNCLAS SECTION 01 OF 02 LONDON 04496

E. O. 11652: N/ A

TAGS: ENRG, UK, US

SUBJECT: PRELIMINARY REACTION TO PRESIDENT' S ENERGY
MESSAGE

1. PRESIDENT' S ENERGY MESSAGE APPEARED ON THE EVE OF
FOUR- DAY EASTER HOLIDAY WHICH HAS DELAYED DETAILED
COMMENT BY BOTH PRESS AND INFORMED GOVERNMENT AND
PRIVATE SOURCES. FOLLOWING IS SUMMARY OF INITIAL PRESS
REPORTS AND COMMENTS WE HAVE RECEIVED FROM SOME INDUSTRY
REPS. EXPECT TO BE ABLE TO DISCUSS MESSAGE IN DETAIL
WITH GOVERNMENT AND INDUSTRY SOURCES FIRST WEEK IN MAY,
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FOLLOWING HOLIDAY PERIOD.

2. IN GENERAL, MESSAGE WAS WELCOMED AS SERIOUS AND CONSTRUCTIVE SUMMARY OF SITUATION WHICH IS FACED BY US AND OTHER DEVELOPED CONSUMERS. SOME OIL COMPANY SOURCES FEEL MORE EMPHASIS SHOULD HAVE BEEN PLACED ON ALTERNATIVE FORMS OF ENERGY. GENERAL REACTION IS THAT TERMS OF MESSAGE WERE PREDICTABLE AND CONTAINED FEW SURPRISES, PARTICULARLY IN LIGHT OF LONG GESTATION PERIOD AND CONSIDERABLE SPECULATION AS TO CONTENT OF MESSAGE WHICH PRECEDED ITS RELEASE. THERE IS, HOWEVER, SOME FEELING THAT MESSAGE SHOULD HAVE CALLED FOR VIGOROUS IMMEDIATE ACTION ON SUCH SUBJECTS OF DIRECT INTEREST TO A MAJOR BRITISH PRODUCER (BP) AS THE TRANS-ALASKA PIPELINE. IN GENERAL, MESSAGE REGARDED AS HELPFUL AND FORWARD LOOKING.

3. TYPICAL HEADLINES APRIL 19 WERE "DOOM WATCH MOVES BY NIXON AS U. S. FACES POWER CRISIS," (GUARDIAN); "CRISIS OIL HUNT BY NIXON AS TANKS RUN DRY," (DAILY TELEGRAPH); "U. S. REMOVES OIL IMPORT CURBS IN MOVE TO AVERT ENERGY CRISIS," (TIMES); "U. S. THREAT TO BRITAIN'S OIL," (DAILY MAIL) (BECAUSE REMOVAL OF U. S. IMPORT RESTRICTIONS WILL RAISE U. S. CONSUMPTION AND PRICES OF MIDDLE EAST CRUDE); AND "NIXON: DIG THE OCEANS," (DAILY EXPRESS). ON THE WHOLE, REPORTS UNDER THESE HEADLINES WERE FACTUAL AND FAILED TO LIVE UP TO THEIR STRIDENT TONE. THE DAILY EXPRESS WAS THE ONLY PAPER TO CARRY AN EDITORIAL. IT COMMENTED "WARNING BELLS SOUND ACROSS THE ATLANTIC AND THE WHOLE WORLD SHOULD NOTE WELL PRESIDENT NIXON'S MESSAGE ABOUT THE APPROACHING ENERGY CRISIS. IF AMERICA, A LAND PRACTICALLY BUILT ON OIL AND SURROUNDED BY OIL, HAS TO PLAN EMERGENCY MEASURES, THEN THE REST OF US HAD BETTER BE EXTRA CAREFUL ABOUT OUR POWER RESERVES." THE DAILY MAIL COMMENTED "OIL COMPANIES IN BRITAIN WARNED THAT THE NEW AMERICAN MEASURES WOULD INEVITABLY PUSH UP THE COST OF CRUDE OIL AS THEY WILL FURTHER STRENGTHEN THE BARGAINING POSITION OF THE MIDDLE EASTERN PRODUCERS, LED BY THE MILITANT COLONEL GADDAFI OF LIBYA." THE FINANCIAL TIMES REPORTED "THE ONLY CLEAR REACTION FROM UNCLASSIFIED

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THE BRITISH OIL INDUSTRY LAST NIGHT WAS RELIEF AT PRESIDENT NIXON'S CONTINUED SUPPORT OF THE TRANS-ALASKA PIPELINE, IN WHICH BRITISH PETROLEUM IS DEEPLY INVOLVED."

4. WEEKEND PRESS REPORTS ELABORATED ON SOME ASPECTS. FOR INSTANCE, DAILY TELEGRAPH OF APRIL 21 SPECULATED "THE U. S. MAY SERIOUSLY CONSIDER BUYING FAST REACTOR SECRETS FROM BRITAIN AS PART OF PRESIDENT NIXON'S DRIVE TO WARD OFF A FUEL CRISIS." ARTICLE OUTLINED UK

NUCLEAR PROGRAM AND COMMENTED " THE WORLD LEADER IN FAST BREEDER TECHNOLOGY IS RUSSIA, FOLLOWED CLOSELY BY BRITAIN AND FRANCE. AMERICA LAGS BY SEVERAL YEARS." THE SUNDAY TELEGRAPH APRIL 22 CONCLUDED ARTICLE ON " HOW BRITAIN WILL FEEL OIL CRUNCH," WITH COMMENT " LAST WEEK' S EVENTS IN THE UNITED STATES MAY, ON A WORLDWIDE BASIS, BE TAKEN WITH A MEASURE OF CYNICISM, BUT THEY CONTAIN A FORMIDABLE LESSON. IN SPITE OF MORE OPTIMISTIC FORECASTS AND SCIENTIFIC HOPES, RESOURCES MUST BE HUSBANDED." SUNDAY OBSERVER OF APRIL 22 IN EDITORIAL ON " THE FUTURE CRISIS FOR THE WORLD," COMMENTED " IN ITS IMMEDIATE AMERICAN FORM - A SHORTAGE

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OF OIL SUPPLIES - THE ENERGY CRISIS IN AN ARTIFICIAL
CREATION. THE QUOTA AND TARIFF SYSTEM, DESIGNED TO

PROTECT AMERICAN DOMESTIC PRODUCERS OF OIL AND OTHER ENERGY, HAS BEEN PREVENTING THE AMERICAN CONSUMER FROM GETTING THE IMPORTED OIL HE NEEDS TO MEET HIS RAPIDLY EXPANDING DEMAND." EDITORIAL REVIEWED DIFFERENT ASPECTS OF ENERGY MESSAGE, PARTICULARLY NEED FOR CONSERVATION, AND CONTINUED " THERE HAS BEEN TALK IN THE U. S. - PRESIDENT NIXON ALSO HINTED AT IT LAST WEEK - OF FORMING A UNION OF CONSUMING COUNTRIES TO BARGAIN COLLECTIVELY WITH THE EXPORTERS. BUT EVEN IF THE DIVERGENT INTERESTS OF THE CONSUMING COUNTRIES (SOME OF WHOM ARE OIL UNCLASSIFIED UNCLASSIFIED

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PRODUCERS THEMSELVES, OR SHELTER BIG OIL COMPANIES) COULD BE RECONCILED (WHICH IS DOUBTFUL), THERE IS NOT MUCH TO BE SAID FOR THIS KIND OF CONFRONTATION. THE CONSUMERS WOULD STILL BE IN A WEAK BARGAINING POSITION." EDITORIAL CONCLUDED " ONE ESSENTIAL FACT THAT HAS TO BE RECOGNIZED IS THE ECONOMIC INTERDEPENDENCE, BETWEEN THE INDUSTRIAL SOCIETIES OF EUROPE, NORTH AMERICA AND JAPAN ON THE ONE HAND, AND THE MIDDLE EAST OIL- PRODUCING COUNTRIES ON THE OTHER."

5. IN LONG EDITORIAL PAGE ARTICLE APRIL 24, FINANCIAL TIMES DISCUSSED " SCARE MONGERS AND SKEPTICS IN THE U. S. ENERGY DEBATE" AND NOTED THAT BOTH PRESIDENT'S ENERGY PROPOSALS, WHICH SHOWS U. S. TAKING RESPONSIBILITIES MORE SERIOUSLY, AND EC COMMISSION PROPOSALS TO HARMONIZE ENERGY POLICY OF NINE THROUGH ESTABLISHMENT OF COMMON STOCKPILE, ARE CERTAIN TO FACE DIFFICULTIES BECAUSE OF DISAGREEMENTS BETWEEN WESTERN GOVERNMENTS AND BECAUSE OF ENCOURAGEMENT THEY LEND TO TIGHTER COORDINATION BETWEEN PRODUCING COUNTRIES." HOWEVER, THE FINANCIAL TIMES CONCLUDES " THE GROWING STRATEGIC AND ECONOMIC IMPORTANCE OF SECURING ENERGY SUPPLIES SEEM CERTAIN TO MAKE CLOSER COOPERATION BETWEEN WESTERN GOVERNMENTS INEVITABLE."

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